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INFO RUEHAM/AMEMBASSY AMMAN 0175  
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RUEHDM/AMEMBASSY DAMASCUS 0360

C O N F I D E N T I A L MADRID 000413

SIPDIS

FOR NEA/ELA:A.MONZ, EUR/WE:S.ZERDECKI/E.SAMSON

E.O. 12958: DECL: 04/24/2019

TAGS: [EAIR](#) [ETRD](#) [ETTC](#) [PGOV](#) [PREL](#) [SP](#) [SY](#)

SUBJECT: ORION AIR (SPANISH) AIRCRAFT LEASE TO SYRIAN PEARL AIRWAYS (CHAM PEARL)

REF: A. SECSTATE 41098

[B.](#) DAMASCUS 295

Classified By: A/DCM William Duncan for Reasons 1.4(b) and (d)

1.(C) Summary: Because of USG concern that its planned wet lease of two aircraft to Syrian Pearl Airways likely violates USG export control laws, Orion Air has put on hold plans to move the two aircraft to Syria. Company officers do not doubt that the two planes have U.S. content. They believe that because the transaction is a wet lease, it is not an export. Econcouns noted his understanding that the USG knows the transaction is a wet lease and believes it violates U.S. law. The officers plan to provide post a copy of the contract, which we will forward to NEA/ELA. They asked for a timely response, given the importance of the transaction to the company; it involves two of the company's three planes, and they say its failure could mean the closure of the company. End Summary.

2.(C) Econcouns and Econoff met on April 24 with Orion Air Manager Jose Maria Orea and board member Javier Tormo to deliver ref A points. Both were quite concerned, and appeared to be genuinely surprised, by USG concern about the transaction and offered to provide whatever information would be necessary. They agreed to ask their lawyers to email post their contract with Syrian Pearl Airways, which they said was in English. Post will forward the contract to NEA/ELA.

3.(C) Orea and Tormo did not doubt that their planes had more than 10% U.S. content. However, they said their understanding, based on legal advice, was that a wet lease was not an export according to the U.S. law. They emphasized that they were providing a service and that the planes would remain under Orion's control and Spanish regulation. They added that they had discussed the transaction with Spain's Embassy in Syria and had seen statements on Embassy Damascus' website that further strengthened their belief that their transaction was allowed under U.S. law. Econcouns said he believed Washington understood that the transaction was a wet lease and considered that it would violate U.S. law, but that sending the contract to Washington should help remove any doubt.

4.(C) Orea and Tormo said they would put on hold plans to move the two aircraft to Syria; one move was planned for next week and the other in about three weeks. They emphasized that they had no intention of violating U.S. law. They offered to speak to anyone in Washington who post could suggest. They also offered to make any guarantees that would be necessary that they would not deliver the planes to Syrian control, would not provide service to Iran, etc. They also offered to restructure the form of the transaction if that would allow them to provide the service. They planned to inform Spain's foreign ministry and its embassy in

Washington. Orea asked that Washington respond as quickly as possible once USG officials had reviewed the contract, noting its importance to the company; it involves two of the company's three planes, and they say its failure could mean the closure of the company.

CHACON